

M e m o r a n d u m

To: Peter G. DeMauro, Acting Executive Director Date: August 27, 2004

From: Diana Torres, Manager Analyst: Joe Davey

Subject: ONE-STEP AGREEMENT FOR **CARABELLA CORPORATION**

CONTRACTOR:

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
Woman/Minority-Owned Business
- Legislative Priorities: Promotion of California's Manufacturing Workforce
Moving To A High Performance Worplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 96
 - *In California:* 96
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$42,500
- Substantial Contribution: \$0
- Total ETP Funding: \$42,500
- Total In-kind Contribution: \$50,615
 - *Trainee Wages Paid During Training:* \$36,795
 - *Other Contributions:* \$13,820
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Orange

INTRODUCTION:

Carabella Corporation is a manufacturer of women's fashion wear headquartered in Irvine, California. The Company seeks ETP funding for 25 key staff throughout the Company to upgrade their skills to meet the challenges of competing in the worldwide fashion industry. Carabella Corporation is eligible for funding under the out-of-state competition provisions outlined in Title 22, California Code of Regulations, Section 4416(b) for companies classified as manufacturers retraining current employees.

MEETING ETP GOALS AND OBJECTIVES:

Carabella Corporation proposes training that will further the following ETP goals and objectives:

- 1) Training is targeted to meet the needs for a skilled workforce in the garment manufacturing industry where companies face strong competition from overseas. Thus, this project meets ETP's legislative mandate to foster job retention in industries threatened by out-of-state competition.
- 2) This project meets ETP's legislative mandate to provide frontline workers with skills that prepare them for a high performance workplace.
- 3) This project meets ETP's legislative mandate to promote the retention and expansion of the state's manufacturing workforce.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job 1/Retrainee	Menu: Business Skills, Computer Skills, Continuous Improvement Skills, Management Skills, Manufacturing Skills	25	24-136	0	\$1,700	\$12.17 - \$37.24
					<u>Prevalent Hourly Wage</u>	
					\$16.61	
					<u>Average Cost Per Trainee</u>	
					\$1,700	
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>					<u>Turnover Rate</u>	<u>% Of Mgrs & Supervisors To Be Trained:</u>
Although the Company pays health benefits for its employees, the hourly contribution is not being used to meet ETP minimum wage requirements for Orange County \$12.17 per hour.					10%	32%
<u>Other Employee Benefits:</u>						
In addition to Health Benefits, Carabella Corporation offers vacation leave, holiday leave, sick leave, and \$401(k) retirement plan.						

COMMENTS / ISSUES:

➤ *Frontline Workers*

Of the 25 participants in this project, 17 meet the Panel definition of frontline workers under Title 22 California Code of Regulations, Section 4400(ee). A total of eight managers and supervisors will also participate in training. However, because this small company (less than 100 employees) needs to cross-train its staff in multiple job functions, Carabella Corporation states that 60 percent of a Manager's responsibilities include working directly with customers and other frontline staff. Carabella Corporation states that no senior level managers who set Company policy are included in the proposal.

➤ *Production During Training*

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

➤ *Garment Registration Certification and Status*

The proposed Contractor has a current Garment Registration Certificate on file with the Division of Labor Standards Enforcement. According to the Department of Labor Enforcement Standard's database, Carabella has not had its registration certification revoked within the last five years.

PROPOSED ACTION:

Staff recommends that the Panel:

- (1) Accept the proposed Contractor's need to retrain 25 of its current employees in business skills, computer skills, continuous improvement skills, management skills, and manufacturing skills in order to improve processes and procedures and increase knowledge in new technology to meet out-of-state and overseas competition and move to a high performance workplace.
- (2) Approve this Agreement if funding is available and the project meets the Panel priorities.

NARRATIVE:

Carabella Corporation manufactures a variety of women's fashion wear, including swimwear, casual wear, sportswear, accessories and footwear. Licensed and registered with the California Garment Manufacturing Industry since 1984, the Company manufactures its own brand of women's clothing and a line of clothing for other name-brand apparel companies. The Company employs 96 at its only location in Irvine, California.

NARRATIVE: (continued)

The Company recently installed state-of-the-art e-commerce IBM servers and software to better compete with larger garment manufacturers. Most of the training requested in this proposal is focused on maximizing the benefits of this new technology. In order to maintain its competitiveness in providing high-quality, low-priced, women's clothing, the Company decided to invest in upgrading its computer hardware and software. Between June 2002 and September 2003, the Company expended nearly \$600,000 for E-commerce equipment, including IBM Servers, Application/Enterprise Resource Planning servers, Microsoft Exchange, Microsoft NT (Network) Server, Cisco routers, XML (Extensible Markup Language) Software programs, and Handheld Pocket Personal Computers. The results of this investment increased the Company's brand recognition to the point where it is now participating in Amazon.com's on-line sales programs. The new equipment also allowed Carabella to bring in-house Information Technology, Graphics Design and E-Commerce departments, which had been outsourced in the past.

While the investment in new equipment has expanded Carabella's market presence through increased Internet sales, the Company has not fully utilized the new technology in improving its internal operations and processes. In order to take advantage of the new technology to increase productivity and efficiency, the Company needs to train key staff in a variety of skills.

During the last quarter of 2003, the Human Resources department conducted a training assessment survey to determine employee skill levels. The result of this assessment revealed that employees lacked skills in computer software, business and productivity skills to take advantage of improvements in the new equipment. The Company's goals are to decrease lead times and deliver high quality products in a team environment. All employees will be cross-trained to enhance their knowledge and their job skills in the areas of computer skills, business skills, continuous improvement and manufacturing skills. The cross-training requires 24 hours to 136 hours of training for 25 key employees throughout the Company.

Business Skills: Training includes time management, communications skills, excellent customer service, work motivation, negotiation and problem solving. Training will improve communication and productivity skills currently lacking in production, customer service, accounting, sales and marketing, warehouse and IT functional departments. Project management training will enable administrative and management employees to accomplish more complex projects with a higher degree of effectiveness.

Computer Skills: Training includes intermediate and advanced levels of Word, Access, Excel, PowerPoint, Outlook, Crystal Reports, Office Integration and Windows 2000. Training will provide administration, production, customer service, accounting, sales and marketing, warehouse and IT functional departments the skills necessary to achieve Company goals by utilizing the latest automation technology. The Company will provide intermediate and advanced application training to improve its employee's skills in current computer technology. Additional, non-funded trainees will also receive training in these skills.

Continuous Improvement: Training will include total quality management, ISO 9000 statistical process control, goal setting, and problem solving methodologies to develop skills in process efficiency and improvement. This training is expected to allow trainees to improve production processes and overall cost reductions through efficiency in performing their individual jobs. Additional, non-funded trainees will also receive training in these skills.

NARRATIVE: (continued)

Manufacturing Skills: Training will enable production staff, IT staff and management employees to understand the fundamental concepts of supply chain management. Training focuses on how customer orders and e-business affect the business as a whole and the necessary planning, ordering, supplying and management tools to ensure maximum productivity. Additional, non-funded trainees will also receive training in these skills.

Management Skills: Training for eight managers and supervisors will provide leadership and coaching skills that, along with the other training, will enable them to communicate and manage their subordinates more effectively. Managers and supervisors need these advanced skills in order to coach and manage their subordinates in a high performance workplace.

All training will be customized and designed to provide the employees with the needed skill level to function in a competitive small business environment. The Company's overall goal is to provide cross-training to a significant portion of its workforce so that they can be easily positioned in different areas of service, support and production.

Supplemental Nature of Training

State law requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs.

Carabella currently conducts on-the-job-training for new employees in Company policies and procedures, safety, and basic computer skills. The Company also sends select trainees offsite for courses on an as-needed basis when funding is available. However, no regular, standardized training program has ever been implemented. The Company states that it estimates it spent approximately \$15,000 for training in 2003 and it expects to spend approximately \$30,000 after ETP-funded training is completed. The Company states that none of the trainees identified for training have received training in the skills set forth in this proposal. ETP-funded training will enable Carabella to provide a structured, specific set of courses and skill sets to key employees.

Carabella requires ETP funding to reach its goals by delivering customized, high quality training. Furthermore, the Company plans to continue training and expand on the skills in the curriculum to most of its workforce following the ETP program.

SUBCONTRACTORS:

- E-Gate College, Inc., Irvine California - \$45,000 (training)

THIRD PARTY SERVICES:

The proposed Contractor states that E-Gate College, Inc., assisted in preparing the application, and negotiated with ETP staff on behalf of the Company in the preparation of this proposal. Carabella Corporation states that they were not charged for these services.

Carabella Corporation

CURRICULUM

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

Business Skills

24 – 136

TEAM SKILLS

Why Teams

Assessing Your Team Skills

Building a Balanced Productive Team

Becoming a Team Member and Leader

Observing Team Leadership

Understanding and Resolving Team Problems

Developing Intercultural Teams

PROBLEM SOLVING PRINCIPLES

A Rationale for Problem Solving Strategies

Problem Types

Roadblocks in Problem Solving

Problem Definitions

Defining the Root Causes

Determining the Solutions

Decide and Plan A Solution

Implement and Evaluate

NEGOTIATION SKILLS

The Basic of Negotiation

Developing A Negotiation Style

Establishing Trust

Win-win Negotiation Special Scenarios

PRINCIPLES OF MARKETING

Understanding Marketing Management

Analyzing Marketing Opportunities

Managing and Delivering Marketing Programs

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

Business Skills (continued)

24 – 136

PRINCIPLES OF SELLING

- The Nature of Selling
- Establishing Meaningful Communication
- Understanding Prospects
- The Setting of Your Sales Presentation
- Your Sales Presentation
- Industrial Selling and Telemarketing
- Legal and Ethical Issues in Selling

EXCELLENT CUSTOMER SERVICE

- Getting to Know Your Customers
- Creating Customer Value: The Service Concept
- Measurement For Improved Performance
- The Setting of Your Sales Presentation
- Managing Customer Needs
- Customer Loyalty Building

INVENTORY CONTROL MANAGEMENT

- The Basics of Inventory Management
- Aggregate Inventory Management
- Supply and Demand Patterns
- Website Architecture
- Functions of Inventory Management
- Inventory Costs
- Financial Statements and Inventory

MOTIVATION SKILLS

- Motivation: What It is-and Isn't
- Assessing Your Primary Motivators
- Motivation From the Inside and the Outside
- Motivation By Reward
- Overcoming Demotivators and Mapping Your
- Motivational Goals

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

Business Skills (continued)

24 – 136

COMMUNICATION SKILLS

- The Basics of Good Writing and Business Speaking
- Developing a Good Style
- Using Examples and Comparisons
- Developing and Preparing an Annotated Presentation
- Rehearing, Setting Up, and Overcoming Nervousness
- Documenting Your Sources

PROJECT MANAGEMENT

- Define the Project
- Activities and Dependencies
- Project Scheduling
- Project Change Control
- Financial Issues
- Project Performance

Computer Skills

WEB COMMUNICATIONS

- Internet Marketing
- Internet Marketing Planning, Targeting, and Evolving
- Developing/Integrating Internet Communication Strategy
- Website Architecture
- Creative Strategies
- Promotion and Measurement
- Internet Marketing Legal Issues

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

Computer Skills (continued)

24 – 136

QUICKBOOKS

Entering Accounts, Income, Expenses, Balances
Assessing Your Team Skills
Lists, Charts, Forms
Payroll, Inventory, Sales, Purchases
Reports, Budgets, Data Back Up

MICROSOFT PROJECT

Project and Project Relationships, Outlining
Analyzing, Displaying Data, Sorting, Filtering

CRYSTAL REPORTS

Key Features of Crystal Reports
Accessing Data and Data Resources
Crystal Reports and Microsoft Access
Developing/Integrating Internet Communication
Strategy
Microsoft SQL (Structured Query Language) Server
and Crystal Reports Relationship

ORACLE

Understanding Oracle Applications
Oracle Web Application Server
Client/Server Databases
Creating Integrated Database Applications

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

24 – 136

Computer Skills (continued)

ACCESS

Intermediate

- Opening, Creating, Saving Files
- Templates
- Creating New Databases
- Database Structures

Advanced

- Relating Databases
- Advanced Concepts
- Creating Reports

EXCEL

Intermediate

- Opening, Creating, Saving Files
- Worksheets
- Saving Concepts and Formulas
- Editing
- Formatting
- Reports

Advanced

- Advanced Formulas
- Linking Cells

POWERPOINT

Intermediate

- Features
- Templates
- Working with Slides
- Formatting

Class/Lab Hours	Trainees will receive any of the following:
Job Number 1	Computer Skills (continued)
24 – 136	<p>POWERPOINT (continued)</p> <ul style="list-style-type: none">AdvancedCreating PresentationsUsing multimediaImporting FilesCustomizing FeaturesMicrosoft Office integration <p>MICROSOFT WINDOWS (Intermediate/Advanced)</p> <ul style="list-style-type: none">Working With My ComputerWorking With FilesCreating Files and FoldersWorking With WordPad and PaintCustomizing Your WorkstationCreating and Deleting ShortcutsUsing Internet ExplorerCustomizing the User InterfaceMoving and Copying the Start Menu ItemsAdding Start Menu ItemsAdding Shortcuts to the Quick Launch ToolbarSetting Folder OptionsModifying Advanced Folder SettingsAdvanced File ManagementWorking With Network ResourcesNetworking Concepts

Class/Lab Hours	Trainees will receive any of the following:
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Job Number 1	
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24 – 136	
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	Computer Skills (continued)
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	WORD
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	Working With Sections
	Formatting Tables
	Working With Tables
	Working With Headers and Footers
	Working With Graphics
	Working With Templates

	WORD
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	Advanced
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	Mail Merge
	Creating Flyers, Newsletters, Envelopes
	Advanced Formatting
	Managing Document Revisions

	OUTLOOK
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	Intermediate
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	Managing e-mail and Contacts
	Managing appointments and Events
	Managing Events

	Advanced
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	Customizing Outlook
	Handling Messages
	Working With Folders
	Working with forms
	Integrating Outlook

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

Continuous Improvement Skills (continued)

24 – 136

GOAL SETTING AND TIME MANAGEMENT

- Goal Setting Principles
- Time Management Principles
- Productivity Cycles
- Planning, and Planning Obstacles
- Effective Time Utilization
- Goal Setting, Time Management and Technology

TOTAL QUALITY MANAGEMENT

- Principles of TQM
- Quality Assurance
- Total Quality Service
- Total Quality Costs
- Just-In-Time
- Total Quality Tools
- Process Management

ISO 9000 AND OTHER STANDARDS

- Background of ISO 9000-2000
- Requirements of ISO 9000
- The Quality Management System (QMS)
- QMS Documentation
- Registration and the Audit Process
- Implementing ISO 9000
- ISO 9000 and TQM-The Relationship
- Other ISO Standards, Issues and Developments

STATISTICAL PROCESS CONTROL

- Statistical Process Control Concepts
- Measures of Variability
- Control Charts
- Frequency Distribution and Histograms
- Process Capability

Class/Lab Hours Trainees will receive any of the following:

Job Number 1

24 – 136

Management Skills

LEADERSHIP SKILLS

- Supervision: A Broad Responsibility
- Leadership
- Problem Solving
- Management Concepts
- Building a Winning Team
- Looking Out For the Organization and Employee
- Achieving High Performance and Employee Satisfaction

Manufacturing Skills

SUPPLY CHAIN MANAGEMENT

- Understanding the Supply Chain Management
- Planning Demand and Supply
- Planning and Managing Inventories
- Transportation Management
- Coordinating a Supply Chain, and the Role of E-Business
- Financial Factors influencing Supply Chain Decisions